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Anne U. MacClintock  
Vice President  
Regulatory Affairs & Public Policy

227 Church Street  
New Haven, CT 06510  
Phone 203.771.8865  
Fax 203.624.3549

August 24, 1998

**EX PARTE**

Ms. Magalie Roman Salas, Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

**RECEIVED**

**AUG 26 1998**

Re: CC Docket No. 98-25

**Federal Communications Commission  
Office of Secretary**

Dear Ms. Salas:

This letter provides an update regarding the actions Southern New England Telecommunications Corporation (SNET) has taken with regard to its direct dialed, calling card, and prepaid phone card interexchange activities in SBC's region, as discussed in our August 19, 1998 meeting with Commission staff.

SNET has heretofore engaged in these kinds of activities that might involve the origination of interexchange services within SBC's region, and that therefore might, upon consummation of the SBC/SNET merger, fall under the ambit of Section 271 of the Telecommunications Act of 1996.

First, SNET America, Inc., a wholly-owned subsidiary of SNET, has heretofore provided originating intrastate and interstate interexchange services--predominantly to subscribers in Connecticut, but also to a small number of subscribers in other states, typically branch offices of companies with primary office locations in Connecticut. Second, SNET has heretofore issued calling cards to its local subscribers, and to SNET America subscribers. Third, SNET sells prepaid phone cards on a retail and wholesale basis in Connecticut, and on a wholesale basis outside Connecticut. A customer originates a prepaid phone card call by dialing an 800 number printed on the card and then, when prompted, transmits information from the card.

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1. SNET America is discontinuing its provision of originating interexchange service to subscribers in SBC's region.

In May 1998, SNET notified the public service commissions of Arkansas, California, Kansas, Missouri, Nevada, and Texas that SNET would be migrating its customers in those states to an alternative telecommunications provider. SNET also asked each of these state commissions immediately to remove SNET America's name from the registration list of telecommunications carriers authorized to provide service, and to withdraw SNET America's tariff sheets.

SNET has completed the migration of all its customers in five of the six SBC states in which SNET America had provided service--Arkansas, Kansas, Missouri, Nevada, and Texas. (SNET America was never certified to provide service in Oklahoma, and never had customers there.) In California, SNET will complete the migration of remaining customers by September 2, 1998.

On July 28, 1998, and July 31, 1998, respectively, the Nevada and Arkansas commissions issued final orders canceling SNET America's certificate to provide service and related tariffs. SNET expects a final order from the Missouri Commission on August 28, 1998, and from the California and Kansas commissions on September 3, 1998. In Texas, SNET's request to withdraw service took effect automatically, and no further action is needed from the Texas commission.

2. SNET America is discontinuing the carriage of interexchange calls made with calling cards from SBC's region.

SNET recently entered into an agreement with Sprint, effective September 3, 1998, under which Sprint will take over the transport of long-distance calls placed with SNET calling cards originating in SBC's region. SNET will notify calling-card subscribers of this change in September. Customers will be sent a peel-off sticker to place on their calling cards. The sticker will state that calls made with the calling card from SBC's region will be handled by Sprint. Sprint will rate these calls, and charges for calls made from SBC's

region will appear on a separate Sprint page in the monthly bill that SNET sends to its calling-card subscribers.

3. SNET will not carry interexchange calls made with prepaid phone cards from SBC's region.

SNET has entered into an agreement with ARC Networks, an interexchange carrier and wholesaler of prepaid phone cards, for ARC Networks to carry, effective September 3, 1998, all interexchange calls that are made from SBC's region with a SNET prepaid phone card. Effective on the same date, SNET will include on all prepaid phone cards that it sells, a statement to the effect that ARC Networks will be the interexchange carrier for all calls made within SBC's region. To the extent that SNET has an inventory of prepaid phone cards that do not contain this disclaimer, this inventory will be destroyed.

I hope that this information will aid the Commission in its review of the SBC/SNET merger. I would like to reiterate that SNET considers this transaction vital to its future. Please let me know if you have additional questions or if I could be of further assistance in any way.

SNET is hereby filing this Ex Parte in accordance with the Rules of the Federal Communications Commission (Commission), 47 C.F.R. Section 1.1206(b)(1).

Sincerely,

  
Anne U. MacClintock

Copy to:

Common Carrier Bureau Chief Ms. Kathryn Brown  
Mr. Donald Stockdale Jr.  
Mr. Jeffrey Lanning  
Ms. Radhika Karmarkar  
Ms. Blaise Scinto